

**INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE  
CITY OF LYNCHBURG, VIRGINIA**

AGENDA ITEM #12

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May 30, 2003

Honorable Mayor and Members of the  
Council of the City of Lynchburg  
c/o Mr. Kim Payne, City Manager  
P. O. Box 60  
Lynchburg, VA 24505

**Re: Industrial Development Authority of the City of Lynchburg, Virginia  
Proposed Revenue Bond Financing for Lynchburg College**

Dear Mr. Mayor and Members of Council:

Lynchburg College (the "Applicant") has requested the Industrial Development Authority of the City of Lynchburg, Virginia (the "Authority"), to issue up to \$12,000,000 of its revenue bonds or notes (the "Bonds") to assist the Applicant in financing (a) the renovation of the Applicant's existing library, (b) the construction and equipping of an academic building of approximately 68,000 square feet, currently referred to as Centennial Hall, and connecting to such library, (c) the construction and equipping of seven (7) buildings containing, in the aggregate, thirty-eight (38) townhome units to house up to 208 students and providing space for student activities, and (d) the construction of parking lots to support the foregoing facilities, which library, academic building, townhome buildings and parking lots (collectively, the "Project") will be located on the Applicant's campus in the City of Lynchburg, Virginia, and possibly to fund a debt service reserve fund for the Bonds. The Project will be owned and operated by the Applicant.

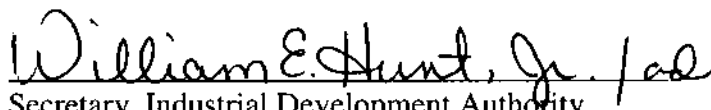
As set forth in the enclosed resolution, the Authority has agreed to issue its Bonds as requested. The Authority has conducted a public hearing on the proposed financing of the Project and has recommended that the City Council approve the issuance of the Bonds as required by Section 147(f) of the Internal Revenue Code of 1986, as amended, and Section 15.2-4906 of the Code of Virginia of 1950, as amended.

Attached hereto is a copy of the Applicant's application for financing and (1) a Report of Public Hearing evidencing the conduct of the public hearing and the action taken by the Authority (2) the Fiscal Impact Statement required pursuant to Virginia Code Section 15.2-4907, and (3) the form of resolution suggested by counsel to evidence your approval.

Honorable Mayor and Members of the  
Council of the City of Lynchburg  
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It is requested that consideration of the proposed Council Resolution be placed on the Council agenda for the meeting scheduled for June 10, 2003. If requested to do so, a representative of the Authority will be present at the meeting.

Respectfully submitted,

  
Secretary, Industrial Development Authority  
of the City of Lynchburg, Virginia

ahd

cc: Walter C. Erwin, Esquire  
City Attorney

G. Edward Miller, Director  
Office of Economic Development

RESOLUTION  
OF THE CITY COUNCIL OF  
THE CITY OF LYNCHBURG, VIRGINIA

WHEREAS, the Industrial Development Authority of the City of Lynchburg, Virginia (the "Authority") has considered the application of Lynchburg College (the "Borrower") requesting the issuance of one or more of the Authority's revenue bonds or notes in an amount not to exceed \$12,000,000 (the "Bonds") to assist in the financing of (a) the renovation of the Borrower's existing library, (b) the construction and equipping of an academic building of approximately 68,000 square feet, currently referred to as Centennial Hall, and connecting to such library, (c) the construction and equipping of seven buildings containing, in the aggregate, 38 townhome units to house up to 208 students and providing space for student activities, and (d) the construction of parking lots to support the foregoing facilities, which library, academic building, townhome buildings and parking lots (collectively, the "Project") will be located on the Borrower's campus in the City of Lynchburg, Virginia (the "City"), and possibly to fund a debt service reserve fund for the Bonds, and which Project will be owned and operated by the Borrower, and the Authority has held a public hearing thereon; and

WHEREAS, it has been requested that the City Council of the City (the "Council") approve the financing of the Project and the issuance of the Bonds, and such approval is required for compliance with Section 147(f) of the Internal Revenue Code of 1986, as amended;

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LYNCHBURG, VIRGINIA:

1. The Council approves the financing of the Project and the issuance of the Bonds by the Authority for the benefit of the Borrower, as required by said Section 147(f), to permit the Authority to assist in the financing of the Project.

2. The approval of the issuance of the Bonds, as required by said Section 147(f), does not constitute an endorsement of the Bonds, the creditworthiness of the Borrower or the economic viability of the Project. The Bonds shall provide that neither the Commonwealth of Virginia (the "Commonwealth") nor any political subdivision thereof, including the City and the Authority, shall be obligated to pay the principal of or interest on the Bonds or other costs incident thereto except from the revenues and receipts pledged therefor and that neither the faith or credit nor the taxing power of the Commonwealth or any political subdivision thereof, including the City and the Authority, shall be pledged thereto.

3. This Resolution shall take effect immediately upon its adoption.

Adopted:

Certified:

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Clerk of Council

RESOLUTION OF THE INDUSTRIAL  
DEVELOPMENT AUTHORITY OF  
THE CITY OF LYNCHBURG, VIRGINIA

WHEREAS, there have been described to the Industrial Development Authority of the City of Lynchburg, Virginia (the "Authority") the plans of Lynchburg College (the "Borrower") for (a) the renovation of the Borrower's existing library, (b) the construction and equipping of an academic building of approximately 68,000 square feet, currently referred to as Centennial Hall, and connecting to such library, (c) the construction and equipping of seven buildings containing, in the aggregate, 38 townhome units to house up to 208 students and providing space for student activities, and (d) the construction of parking lots to support the foregoing facilities, which library, academic building, townhome buildings and parking lots (collectively, the "Project") will be located on the Borrower's campus in the City of Lynchburg, Virginia (the "City"); and

WHEREAS, the Borrower has described the benefits to the City and has requested the Authority to agree to issue its revenue bonds or notes, under the Virginia Industrial Development and Revenue Bond Act (the "Act"), in such amounts as may be necessary to finance the cost of the Project;

BE IT RESOLVED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LYNCHBURG, VIRGINIA:

1. It is hereby found and determined that the location of the Project in the City will promote the welfare of the residents of the City and surrounding areas, will enhance educational opportunities for residents of the City and the Commonwealth of Virginia, will be in the public interest and will be consistent with the purposes of the Act.

2. To induce the Borrower to locate the Project in the City, the Authority hereby agrees, subject to required approvals and the compliance of the proposed issue with applicable law, to assist the Borrower in every reasonable way to finance the Project and, in particular, to undertake the issuance of one or more of its revenue bonds or notes (the "Bonds") therefor in amounts now estimated not to exceed \$12,000,000 upon terms and conditions to be mutually agreed upon between the Authority and the Borrower. The proceeds from the sale of the Bonds shall be loaned by the Authority to the Borrower pursuant to an agreement or agreements which will provide for loan repayments to the Authority sufficient to pay the principal of and premium, if any, and interest on the Bonds and to pay all other expenses in connection with the Project. The Bonds shall be issued in form and pursuant to terms to be set by the Authority.

3. It having been represented to the Authority that it is necessary to proceed immediately with the Project, the Authority hereby agrees that the Borrower may proceed with plans for the Project, enter into contracts for renovation, construction and equipping and take

such other steps as it may deem appropriate in connection therewith, provided that nothing herein shall be deemed to authorize the Borrower to obligate the Authority without its consent in each instance to the payment of any monies or the performance of any acts in connection with the Project. The Authority agrees that, to the extent consistent with federal tax laws, the Borrower may be reimbursed from the proceeds of the Bonds for all costs so incurred by it.

4. To the extent consistent with federal tax laws, all costs and expenses in connection with the financing of the Project, including the fees and expenses of bond counsel and Authority counsel, shall be paid from the proceeds of the Bonds. If for any reason the Bonds are not issued, it is understood that all such expenses shall be paid by the Borrower and that the Authority shall have no responsibility therefor.

5. The Authority shall perform such other acts and adopt such further resolutions as may be required to implement its undertakings as hereinabove set forth, and if requested by the Borrower, it will make application to the Internal Revenue Service for such tax rulings as may be necessary in the opinion of bond counsel. To that end, the Chairman or Vice Chairman of the Authority is hereby authorized to execute an appropriate power of attorney naming counsel selected by the Borrower for such purposes.

6. The Authority hereby recommends that the City Council of the City (the "Council") approve the financing of the Project and the issuance of the Bonds.

7. The officers of the Authority are hereby authorized and directed to deliver to the Council (a) a reasonably detailed summary of the comments expressed at the public hearing held with respect to the issuance of the Bonds, (b) a fiscal impact statement concerning the Project in the form specified in Section 15.2-4907 of the Code of Virginia, and (c) a copy of this resolution, which constitutes the recommendation of the Authority that the Council approve the financing of the Project and the issuance of the Bonds.

8. This resolution shall take effect immediately upon its adoption.